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Offices:

EXECUTIVE OFFICE 350 Bay St., Toronto, Canada M5H 2S6 (416) 362-7211	HEAD OFFICE 201 Portage Ave., Winnipeg, Canada R3B 2A1 (204) 947-0161
BRANCH OFFICES:	
HALIFAX 1649 Hollis Street B3J 1V8 (902) 422-7476	SASKATOON 812 Spadina Crescent East S7K 3W5 (306) 665-6100
SAIN'T JOHN Suite 500, 30 King Street E2L 1G3 (506) 693-2902	CALGARY 700 Eighth Avenue S.W. T2P 1H2 (403) 265-9280
TORONTO 350 Bay Street M5H 2S6 (416) 362-7211	EDMONTON 10506 Jasper Avenue T5J 2W9 (403) 423-3474
WINNipeg 201 Portage Avenue R3B 2A1 (204) 947-0161	SURREY 10671 King George VI Hwy. V3T 2X6 (604) 588-7681
WINNipeg 1350 Main Street R2W 3T6 (204) 586-9687	VANCOUVER 1101 West Georgia Street V6E 3G5 (604) 685-8521
WINNipeg 417 Academy Road R3N 0C1(204) 474-2459	VICTORIA 1175 Cook Street V8V 4A1(604) 386-6178
REGINA 1821 Rose Street S4P 1Z7 (306) 525-0518	

AGENCY OFFICES:

ONTARIO
Brantford
Cornwall
Hamilton
Kingston
Kitchener
London
North Bay
Oshawa
Ottawa
Sarnia
Sault Ste. Marie
St. Catharines
 Sudbury
Thunder Bay

NEW BRUNSWICK
Fredericton
Moncton

PRINCE EDWARD ISLAND
Charlottetown

NOVA SCOTIA
Bridgewater

Quarterly Report to Shareholders six months ended June 30 1978.

TO OUR SHAREHOLDERS:

STATEMENT OF EARNINGS (Unaudited) Six Months Ended June 30, 1978

Second quarter results for your company continue to justify the effort of the last several years.

	1978	1977*
REVENUE:		
Interest from Deposits, Receipts, Notes and Mortgages	\$ 10,262,536	\$ 6,053,910
Interest from Investment Securities	359,770	367,083
Other Operating Income	1,581,640	1,484,283
	<u>12,203,946</u>	<u>7,905,276</u>
EXPENSES:		
Interest	7,254,581	4,751,763
Salaries and Staff Benefits	1,567,704	1,184,993
Other Operating Expenses	1,241,523	908,360
	<u>10,063,808</u>	<u>6,845,116</u>
Earnings Before Income Taxes	2,140,138	1,060,160
Income Taxes	1,070,000	526,000
Earnings Before Gain on Sales of Securities	1,070,138	534,160
Gain on Sales of Securities, Net of Income Tax	608	37,210
Net Earnings	<u>\$ 1,070,746</u>	<u>\$ 571,370</u>
Earnings Per Common Share	<u>\$0.40</u>	<u>\$0.28</u>

Total administered assets have now passed the \$600 million mark. Pre-tax income of \$2,140,746 is 89% ahead of the same period last year. Earnings per common share are substantially diluted as a result of the preferred shares issued last fall and the additional calls on the common shares. In spite of this, earnings on common shares of 40¢ per share represent an increase of 43% over the same period in 1977.

CONDENSED BALANCE SHEET (Unaudited) As at June 30, 1978

ASSETS:

Cash and Short Term Investments
Investment Securities
Mortgages and Other Receivables
Other Assets

\$ 30,851,901	\$ 21,521,909
9,379,464	10,143,763
179,103,657	111,988,937
517,618	862,216
<u>\$219,852,640</u>	<u>\$144,516,825</u>

LIABILITIES AND SHAREHOLDERS' EQUITY:

Deposits and Borrowings
Other Liabilities
Shareholders' Equity

\$ 205,283,111	\$ 136,406,842
1,376,541	1,216,604
206,659,652	137,623,446
13,192,988	6,893,379
<u>\$219,852,640</u>	<u>\$144,516,825</u>

TOTAL ASSETS UNDER ADMINISTRATION

\$ 618,509,811

\$ 509,381,347